

promises of future payments based on a percentage of profits, SHPIGELMAN provided PLOTKIN and PAJCIN with inside information concerning approximately six different pending mergers or acquisitions being handled by Merrill Lynch, on some of which SHPIGELMAN had worked directly. This allowed PLOTKIN and PAJCIN, and others with whom they shared the inside information, to purchase securities based on knowledge of the deals prior to the public announcement of the transactions. The defendants then liquidated those positions after the public announcement of the transactions, thus locking in the profits resulting from the rise in stock prices caused by the public announcement. With respect to the one acquisition alone - Reebok's acquisition of Adidas - Reebok's common stock price increased by 30 percent from its closing price the previous day.

Scheme to Trade on Inside Information Obtained from Pre-Publication Access to BusinessWeek's "Inside Wall Street" Column

At the same time PLOTKIN and PAJCIN were trading on the Merrill Lynch deal information from SHPIGELMAN, PLOTKIN and PAJCIN bribed SHUSTER and RENTERIA, who worked at the printing plant where Business Week was produced, to assist in obtaining inside information from the unpublished magazines. RENTERIA and SHUSTER provided PLOTKIN and PAJCIN with the names of stocks favorably mentioned in BusinessWeek's "Inside Wall Street" column one trading day before the column was available to the public. As a result, PLOTKIN and PAJCIN traded in approximately 20 different stocks one day before the favorable review of those stocks appeared in the magazine. PLOTKIN and PAJCIN then sold the "Inside Wall Street" stocks for a profit after the column became public, causing the prices of the stocks mentioned in the column to rise.

Scheme to Trade on Inside Information From a Grand Juror Leaking Details of Federal Grand Jury Investigation into Bristol-Myers

PLOTKIN and PAJCIN also received information from SMITH, a grand juror in New Jersey, who recounted the details of a federal criminal investigation into the Bristol-Myers Squibb Company. SMITH, a former employee of the United States Postal Service, learned confidential information while serving as a grand juror during a federal criminal investigation into accounting fraud allegations against Bristol-Myers and several Bristol-Myers executives. SMITH provide this information to PLOTKIN and PAJCIN, who traded and tipped others to trade in Bristol-Myers securities, betting that the stock price would decline once the outcome of the grand jury investigation was announced.

On August 28, 2007, PLOTKIN pleaded guilty to one count of conspiring to commit insider trading and multiple counts of insider trading, all related to these three insider trading schemes. SHPIGELMAN and SMITH have been sentenced to 37 and 33 months in prison, respectively; SHUSTER, RENTERIA and PAJCIN await sentencing.

In imposing sentence, Judge HOLWELL stated that the length of the sentence was necessary, "to reflect the scope and seriousness of the offense. This was not a simple and singular lapse of judgement, but an egregious breach of trust, a fraud pure and simple by a person who had no moral compass." In addition to the 57 months in prison, PLOTKIN was sentenced to a \$10,000 fine, and the criminal forfeiture of \$6.7 million representing the proceeds from PLOTKIN's insider trading schemes. Judge HOLWELL ordered that PLOTKIN surrender to begin serving his sentence on or before March 14, 2008.

PLOTKIN, 28, resides in Rockland County, New York.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the efforts of the Federal Bureau of Investigation for its investigation of this matter. Mr. GARCIA also expressed gratitude to the Securities and Exchange Commission.

Assistant United States Attorneys HELEN V. CANTWELL and GLEN G. MCGORTY are in charge of the prosecution.

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